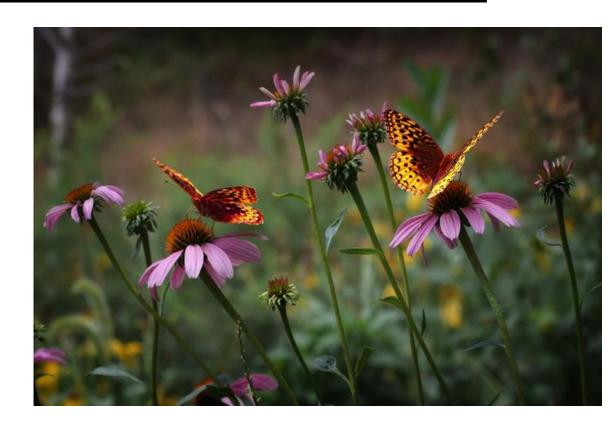


Water Quality Trading 10/23/15

Joe Engeln, Director's Office





Today's Proposed Agenda

- 1. Introductions
- 2. Ground Rules
- 3. Group Goal Statement
- 4. Changes to notes from last meeting?
- 5. Trading Program examples
- 6. Monitoring
- 7. Enforcement



Today's Proposed Agenda - Part 2

- 8. Regulatory Instruments
- 9. Guidance for/questions from sub-groups
- 10. Summary of today's meeting
- 11. Future meetings
- 12. Closing



Ground Rules

- 1. Informed Consent
- 2. Agreement before recommendation
- Lack of agreement = opinions shared with CWC
- 4. Civil and constructive
- 5. Use expertise and opinions
- 6. Best information informs decisions
- 7. Transparency



Ground Rules (cont.)

- 8. Orderly process, then revisit
- 9. Facilitator's responsibilities

Edits?

Additions?

Ready to move on?



Group Strategic Goal

The department and those stakeholders participating in this work group strongly support the establishment of a voluntary water quality trading framework for Missouri as one of the tools to help meet local and state-wide water quality goals. For water quality trading to occur, we need a framework that is effective, efficient, and equitable for all those who wish to form a water quality trading program or to buy or sell credits within a trading program.



Group Strategic Goal - Part 2

A trading program will function best when adapted to and driven by local water quality conditions and specific water quality goals. Integrating water quality trading into watershed-based management provides a straightforward way to ensure water quality trading provides both economic and water quality benefits. The state should seek to form a common infrastructure to support trading programs in order to keep costs of establishing and operating water quality trading programs to a



Group Strategic Goal - Part 3

The goal of this group is to provide a framework for water quality trading programs in Missouri. This will take the form of a document that will explain to any organization that seeks to establish a trading program the key elements expected to be included in its proposal to the Clean Water Commission.



Any edits to last month's notes?



Existing Trading Programs

John Madras



Monitoring - Considerations

- Point source (loadings)
- Trading activity (portfolio/ledger)
- Implementation monitoring
- WQ monitoring
- Modeling vs. monitoring
- Monitoring to determine credits for new practices (WQT program and state role?)



Monitoring – Considerations

- Potential third party roles
 - 1. Assessing and validating practices
 - 2. Keeping a state-wide ledger
 - 3. Providing WQ monitoring



<u>Tracking/Enforcement – Considerations</u>

- WQT Program role (failed practices/trades, extreme events, reserve credits, recovery from events)
- Department WPP role (Oversight of trading programs, credit accounting, point source activity, permit conditions)

[Note: No department role in most NPS project enforcement]



Potential Additional Roles

SWCP/USDA – Maintain NTT and practice lists Geographic tracking of NPS activity



Regulatory instrument(s)

- Privacy for individual NPS (agricultural) projects
- [Aggregated data would be public]
- Enable department to act (role dependent)
- Resources and funding (role dependent)
- Overall program (market and transaction) structure



Baselines and Practices

Any questions

Any issues that have arisen

Logistics for next month (e-mail or drive)



Progress today

Recap decisions
Review process
Rate of progress
Level of understanding

Comfort with achieving our goal



Factors for Consideration

- Market structures and transaction mechanisms *
- Role and responsibilities *
- Incentive approach (Rewarding early implementation) *
 Send me thoughts on January topics!
- Trading Ratios **
- Role of Ecosystem Services in crediting **
- Adaptive Management **
- * = January
- ** = February



Comments, Questions, Suggestions

What's working?

What's not?

What changes should we consider?